R J PRESTON LTD

Directors:

JAMES GORDON IAN COOKE
B Com, IEC Agr, CA

GRANT DAVID McCULLOCH
B Com (Hons), CA, MNZIPIM

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

July 2021

2020 FARM STATISTICAL SURVEY

We have pleasure in presenting our annual statistical survey for 2020. The survey summarises data and information entered in our farm statistics database during the 2020 financial year.

We have identified the top three performers in each farm type on an operating surplus per hectare basis and averaged their data to show where the top performers sit.

JAMES COOKE
DIRECTOR

GRANT McCULLOCH
DIRECTOR

32B Sheffield Crescent
PO Box 39 065
Christchurch 8545 NZ

we care

Telephone: (03) 358 5686
Facsimile: (03) 358 7958
www.rjprestonltd.co.nz

GLOSSARY	
T.G.F.P.	Total Gross Farm Profit
C.F.W.E.	Cash Farm Working Expenses
F.S.V.	Fair Sale Value
T.F.C.	Total Farm Capital

DEFINITION OF FARM TYPE

1. **Intensive Crop**
   This group must have a minimum of 60% of total gross profits being generated from cropping.

2. **Downlands Livestock**
   These properties are generally of easy contour with very little tussock. Most of the property is able to be cultivated by wheel tractors though a four-wheel drive tractor or crawler may be required occasionally.

3. **Flatland Livestock**
   By definition these properties are basically dead flat.

4. **Hill & High-Country Livestock**
   These properties are obviously steeper by nature, and with small to moderate areas able to be cultivated by wheel tractor. These properties have portions of tussock and some native pasture.

5. **Dairy Factory Supply**
   All properties factory supply.

AVERAGE RESULT FOR EACH FARM TYPE – NET PROFITS

Farm Type	Rank	2016 $	Rank	2017 $	Rank	2018 $	Rank	2019 $	Rank	2020 $
Intensive Crop	**1**	87,763	**3**	79,109	**3**	97,742	**5**	103,526	**3**	131,751
Downlands Livestock	**4**	3,687	**4**	28,967	**4**	66,421	**3**	139,806	**4**	120,851
Flatland Livestock	**3**	10,343	**5**	12,752	**5**	62,984	**4**	107,234	**5**	70,711
Hill & High-Country	**2**	52,384	**2**	89,580	**2**	223,015	**1**	227,745	**2**	207,837
Dairy Factory Supply	**5**	-621,475	**1**	93,364	**1**	338,662	**2**	175,166	**1**	560,053

Average Results for each Farm Type

1. This year the order of profitability changed with no one farm staying in the same position as last year.

2. Net profits increased across all farm types except Flatland Livestock. Intensive Crop increased by $28,225, Downlands Livestock by $18,955, Hill & High-Country by $19,908 and Dairy Sector by a significant $384,887. The increases were driven by the following factors:
   a) Improved crop prices in Intensive Crop.
   b) Improved margin on store lambs
   c) Debt servicing costs decreasing due to low interest rates.
   d) Improved payout in Dairy Sector.
   e) Increase in per cow production in Dairy Sector.
   f) Debt repayment.

AVERAGE LAMBING PERCENTAGES

Lambing %	2016 %	2017 %	2018 %	2019 %	2020 %
Intensive Crop	133.4	126.3	107.7	124.6	112.6
Downlands Livestock	125.9	135.5	133.0	142.9	141.1
Flatland Livestock	125.2	131.9	115.2	129.1	125.3
Hill & High-Country	105.0	110.6	112.5	116.9	115.4

1. Lambing percentages were on a par with the previous year.

AVERAGE SALE VALUE OF LIVESTOCK & PRODUCE

1. The record lamb prices recorded last year continued through the 2020 year despite a dry, later summer period.

Average Sale Value Lambs	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $
Intensive Crop	115.56	101.18	97.43	147.89	152.67	150.70
Downlands Livestock	82.34	77.66	91.29	119.50	120.43	118.67
Flatland Livestock	94.47	91.16	95.75	119.87	129.20	122.64
Hill & High-Country	74.68	67.75	80.18	98.91	109.36	108.27

2. Average prices recorded for cattle were strong over all farm types.

Average Sale Value Heifers	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $
Intensive Crop	1,110.32	774.21	1,009.00	1,183.00	980.50	1,326.40
Downlands Livestock	849.62	975.94	1,000.91	1,218.11	1,358.60	1,168.67
Flatland Livestock	822.35	841.32	1,129.00	1,279.67	997.70	1,018.00
Hill & High-Country	1075.07	977.91	1,246.78	1,314.40	1,277.00	1,245.70

Average Sale Value Steers	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $
Intensive Crop	1,266.09	1,240.35	1,486.50	1,315.60	1,114.00	1,303.60
Downlands Livestock	1,059.48	1,227.22	1,278.00	1,527.25	1,491.73	1,490.89
Flatland Livestock	617.18	-	1,112.00	1,137.75	1,105.30	1,351.00
Hill & High-Country	1,177.92	1,040.78	1,342.50	1,451.45	1,394.40	1,279.78

AVERAGE SALE VALUE PER KILOGRAM OF MILK SOLIDS

1. This year saw an increase of .76c per kilogram of milk solids which is the second highest payout since 2011.

2. C.F.W.E were higher due to the increased cost of supplementary feed. The cost of water from the new irrigation schemes, especially in the Central Plains catchment, saw an increase in irrigation costs.

3. Financial institutions are still pursuing principal repayments from the industry due to the higher level of indebtedness within the dairy sector.

2011 $	2012 $	2013 $	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $
7.26	6.38	5.92	7.44	5.41	3.64	5.51	6.34	6.36	7.12

AVERAGE OVERALL DEBT SERVICING

1. Low interest rates are the biggest influence over this statistic with much of the farm debt on very low floating rates.

	2016	2017	2018	2019	2020
Interest & Rent as a % of T.G.F.P.					
Intensive Crop	15%	17%	18%	17%	16%
Downlands Livestock	14%	19%	13%	11%	12%
Flatland Livestock	24%	24%	20%	15%	16%
Hill & High-Country Livestock	15%	15%	11%	10%	11%
Dairy Factory Supply	28%	23%	20%	20%	16%
Interest & Rent per Stock Unit					
Downlands Livestock	19.56	23.00	16.12	18.31	20.80
Flatland Livestock	37.59	42.44	36.33	47.33	29.82
Hill & High-Country Livestock	15.13	12.91	12.00	12.59	11.40

AVERAGE OVERALL OPERATING SURPLUS

1. The operating surplus per hectare is a key result for comparison.

2. Decreases in revenue rather than increased costs have driven the operating surplus down for both Downlands Livestock and Hill & High-Country farms.

Average Operating Surplus per Ha

Farm Type	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $
Intensive Crop	1,610.11	1,532.40	1,415.79	1,464.10	1,591.21	1,638.20
Downlands Livestock	298.88	242.93	327.29	414.71	573.62	528.75
Flatland Livestock	622.37	505.05	403.33	472.85	545.60	594.50
Hill & High-Country	177.28	161.84	133.27	210.44	239.60	176.67
Dairy Factory Supply	1,633.35	255.91	2,516.63	3,236.88	2,848.29	3,931.86

AVERAGE OVERALL TOTAL FARM CAPITAL

For this statistic we calculate the estimated fair sale value of land, buildings, livestock, plant, and dairy co-op shares.

Changes in Total Farm Capital are reflective of the differences in values of livestock, vehicles, and plant, as land values have been relatively static.

Estimated Fair Sale Value of Total Farm Capital

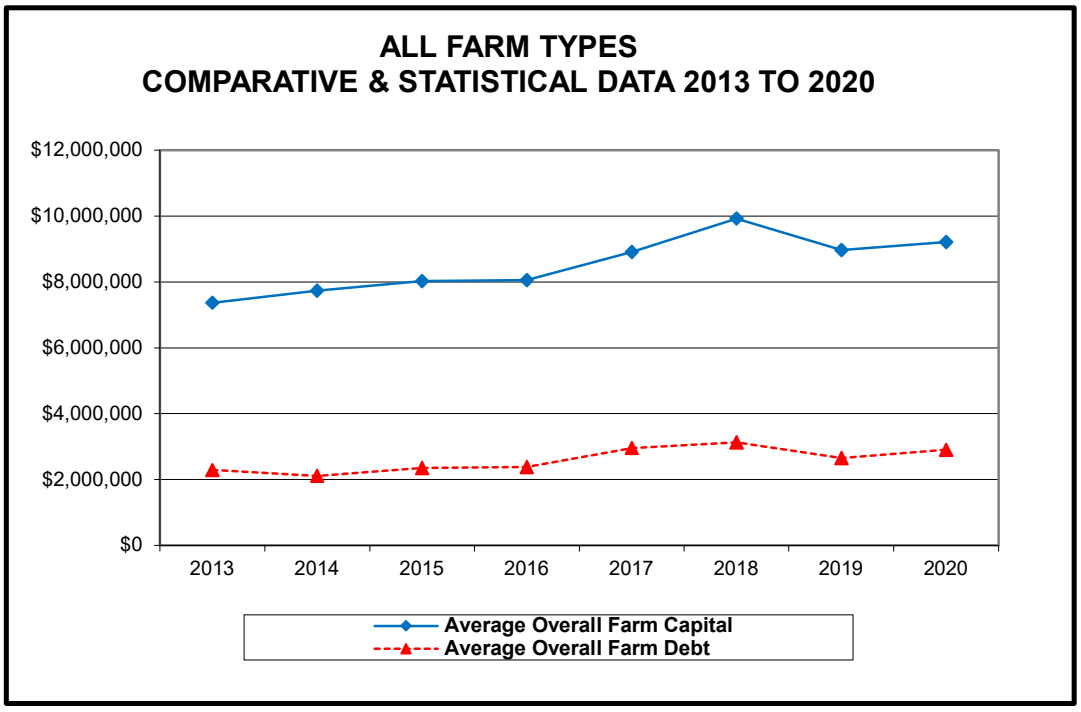
Farm Type	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $
Intensive Crop	6,049,615	6,314,820	7,186,153	7,817,857	9,917,533	10,043,133	9,924,467
Downlands Livestock	6,952,117	7,085,000	7,287,833	7,213,824	7,043,289	6,956,000	7,342,400
Flatland Livestock	5,242,823	5,123,733	5,034,642	4,921,438	5,188,251	5,302,736	5,142,790
Hill & High-Country	5,736,363	6,067,142	6,160,715	7,419,091	8,221,455	7,887,091	8,304,459
Dairy Factory Supply	14,722,000	15,551,000	14,625,000	17,207,750	19,271,429	15,226,000	15,396,000
Average	**7,740,584**	**8,028,339**	**8,058,869**	**8,915,992**	**9,928,391**	**9,082,992**	**9,222,023**

AVERAGE OVERALL TOTAL DEBT

1. The average debt level across all farm types increased by $248,357 to $2,901,984. This was driven by land purchases in the Dairy sector.

2. Banks are continuing to seek debt reduction. Many farms can make these reductions on the basis of low interest rates with little effect on their cash flow.

Total Debt - Term and Current

Farm Type	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $	2020 $
Intensive Crop	661,909	1,229,841	1,463,856	1,728,943	2,119,399	2,434,041	2,363,162
Downlands Livestock	1,937,806	1,673,752	1,714,538	1,529,968	1,397,454	1,421,283	1,506,091
Flatland Livestock	861,070	786,739	867,695	824,068	832,658	810,503	834,467
Hill & High-Country	949,949	820,103	701,734	657,097	662,751	736,740	663,414
Dairy Factory Supply	6,160,662	7,269,046	7,164,806	9,004,939	10,655,003	7,865,566	9,142,788
Average	**2,114,277**	**2,355,896**	**2,382,526**	**2,749,003**	**3,133,453**	**2,653,627**	**2,901,984**

COMPARISON AVERAGE OVERALL FARM DEBT TO AVERAGE OVERALL FARM CAPITAL